

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2740 - SB 2622

April 1, 2022

**SUMMARY OF BILL AS AMENDED (015252, 016418):** Prohibits certain local governmental entities (LGEs) from issuing a bond for a project located in an industrial park that prohibits agricultural processing operations. Exempts from local zoning requirements the construction and operation of certain custom slaughterers (Slaughterers) or commercial slaughterhouses (Slaughterhouses) that are subject to inspection under the federal *Meat Inspection Act*.

Authorizes certain operators of Slaughterers or Slaughterhouses to process both animals that are raised on the same premises as the Slaughterer or Slaughterhouse and animals that are delivered from other premises. Authorizes certain operators of Slaughterhouses to offer for retail sale to the public meat from animals processed at the Slaughterhouse.

Exempts, from certain provisions of the proposed legislation, the following counties: Davidson, Shelby, Sevier, Sullivan, Hamilton, and Knox, and the following incorporated towns or cities: Gatlinburg, Pigeon Forge, Pittman Center, Sevierville, Bluff City, Bristol, Johnson City, and Kingsport.

**FISCAL IMPACT OF BILL AS AMENDED:**

**NOT SIGNIFICANT**

Assumptions for the bill as amended:

- The proposed language applies to a municipality or an industrial development corporation.
- Per the language of the legislation:
  - “Municipality” means any county or incorporated city or town in this state.
  - “Agricultural processing operation:”
    - Includes, but is not limited to, a slaughterhouse, meat processing facility, winery, dairy bottler, and creamery; and does not limit or supplement the definition of “agriculture” under current law.
- It is not known how many industrial parks in the state currently prohibit agricultural processing operations.
- It is assumed that LGEs will comply with this legislation and instead issue bonds for other projects. Any net impact to local government is estimated to be not significant.

**HB 2740 - SB 2622**

- Per the language of the proposed legislation, to be exempt from local zoning requirements, a custom slaughterer or commercial slaughterhouse subject to inspection under the *Meat Inspection Act* must:
  - Be located outside the corporate limits of a municipality, on
    - Agricultural land, as defined in § 67-5-1004; or
    - Land that is zoned for agricultural use;
  - Comply with all applicable environmental and food safety laws, rules, and regulations; and
  - Kill 100 or less animal units per week. An "animal unit" means one cow, two hogs, or four sheep.
- Tennessee Code Annotated §§ 5-1-118(b) and 6-54-126 provide that local governments are not authorized to prohibit or regulate normal agricultural activities or to use zoning power to interfere in any way with the use of any land that is used for agricultural purposes.
- In Opinion No. 17-35, dated July 26, 2017, the Attorney General and Reporter opined that the definition of “agriculture” used in Tenn. Code Ann. §§ 1-3-105 and 43-1-113 applies in determining the meaning of “agricultural” in Tenn. Code Ann. § 5-1-118(b) and elsewhere in statute.
- It can be reasonably assumed that the definition of “agriculture” in Tenn. Code Ann. §§ 1-3-105 and 43-1-113 would apply to the construction and operation of certain Slaughterers and Slaughterhouses; therefore, exempting such facilities from local zoning requirements will not result in any significant impact to local government.
- Pursuant to the proposed legislation, for an operator to process both animals raised on the premises and animals delivered from other premises, a Slaughter or Slaughterhouse must:
  - Be located in a county that does not have county zoning but outside the corporate limits of a municipality; or
  - Meet the criteria of the proposed language that exempts such facilities from local zoning requirements.
- Based on information provided by the Department of Agriculture, authorizing the operator of certain Slaughterers or Slaughterhouses to process both animals that are raised on the premises and animals that are delivered from other premises will have no significant fiscal impact to the department; therefore, no fiscal impact to state government.
- Per the proposed legislation, for an operator of a Slaughterhouse to offer for retail sale to the public meat from animals processed at the Slaughterhouse, the facility must:
  - Be located in a county that does not have county zoning but outside the corporate limits of a municipality; or
  - Meet the criteria of the proposed language that exempts such facilities from local zoning requirements.
- Authorizing an operator of certain Slaughterhouses to offer for retail sale to the public meat from animals processed at the Slaughterhouse is not expected to have a significant impact on total meat sales in the state; therefore, any impact to state or local government is estimated to be not significant.
- Exempting certain counties and incorporated towns or cities will have no significant impact to local government.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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